

## **REMARKS**

Applicants reply to the Final Office Action mailed April 27, 2010 within two months. Claims 1-3, 6, 10, 22 and 23 were pending in the application and the Examiner rejects claims 1-3, 6, 10, 22 and 23. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter is entered by these amendments. Applicants respectfully request reconsideration of this application.

### **Claim Rejections under 35 U.S.C. §101**

The Examiner rejects claims 1-3, 6, 10 and 23 under 35 U.S.C. 101. Applicants respectfully disagree with these rejections, but Applicants present claim amendments in order to clarify the patentable aspects of the claims and to expedite prosecution.

With respect to claim 1, the Office Action states that the method steps are not tied to a machine. However, each of the active steps limit the step to an action performed “by a computer.” Furthermore, Applicants respectfully submit that the **automated real-time computing of adjusted cost basis** cannot be realized without a computing machine specifically programmed to perform the steps in claim 1 and the related claims. **Moreover, claim 1 recites extracting reallocation data from multiple remote product systems and this step can only be realized by using at least one computing machine to extract that electronically stored data.** Accordingly, the steps cannot be performed in a human mind as asserted as they require intervention and execution by a specifically programmed computing machine. Similarly, the elements of claim 22 and new claim 23 are directly supported by the arguments made above. Applicants submit that, in as much as claims 1, 22 and 23 recite a process, the claims are patent eligible because the respective processes are “tied to a particular machine.” *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008). Applicants believe that any Bilski related issues with the claims are overcome by the claim amendments and supported as discussed above.

Applicants believe that any Bilski related issues with the claims are cured by the claim amendments and supported as discussed above. However, even if the Examiners still believe that the first prong of Bilski is not met, Applicants submit that the “transformation prong” of Bilski is satisfied. In particular, the claimed process clearly transforms “a particular article into a different state or thing.” *Id.* Claim 1 **discloses use of reallocation categories relating to reallocation of the ownership of the asset. The reallocation categories are transformed into**

**reallocation reason codes, and the reallocation reason code effectuate a tax treatment re-categorization for the asset resulting in the calculation of an accurate, adjusted cost basis.**

That is, with respect to claim 1, the steps performed transform the asset from one having one cost basis and resulting tax treatment into an asset having a second cost basis and, likely, a different tax treatment. These transformative steps are core or critical steps of the claimed methodology (i.e., they are not mere addition and/or subtraction) and impose a meaningful limit on the claimed method. As such, they do not constitute post-solution activity. Rather, they constitute material steps in the claimed method. As such, Applicants respectfully submit that the amendments made to the claims overcome the instant rejections under 35 U.S.C 101. Accordingly, Applicants respectfully request that the 35 U.S.C 101 rejections of claim 1-3, 6, 10, and 23 be withdrawn.

**Claim Rejections under 35 U.S.C. §112**

The Examiner rejects claim 22 under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicants regard as the invention. Applicants respectfully disagree with these rejections, but Applicants present claim amendments in order to clarify the patentable aspects of the claims and to expedite prosecution.

**Claim Rejections under 35 U.S.C. §103**

The Examiner rejects claims 1-3, 6, 10, 22 and 23 under 35 U.S.C. 103(a), as being unpatentable over Horan, US Publication No. 2003/0225663 (“Horan”) in view of DeWolf et al, US Publication No. 2002/0032626 (“DeWolf”), Bergmann et al, US Publication No. 2002/0143682 (“Bergmann”), Koppelman et al, US Patent No. 6,662,164 (“Koppelman”) and Official Notice. Applicants do not concede that the cited references are indeed prior art with respect to this application and Applicants reserve the option to antedate the cited references. Applicants disagree with these rejections. However, Applicants present claim amendments in order to expedite prosecution.

Applicants counsel, the Examiner and the Examiner’s supervisor (“the Examiners”) conducted a telephone interview conducted on January 7, 2010. Applicants reiterate the remarks submitted in the January 15, 2010 reply regarding that interview. With respect to the 35 U.S.C. § 103(a) rejections, Applicants’ counsel discussed the cited references, the claims and arguments

presented in previous office actions. In particular, Applicant's counsel stated that none of the cited references, alone or in combination, disclose or contemplate analyzing the reallocation data related to the ownership reallocation, to characterizing the reasons for the reallocation and to determining a tax treatment categorization based upon that analysis. **In response, the Examiner's Supervisor agreed that the independent claims contain "allowable subject matter."**

The current 35 U.S.C. 103 rejections are substantially identical the previous rejections. As such, Applicants counsel request that the Examiner reconsider the rejections in light of previous discussions, previous submissions and the below remarks.

In the Office Action the Examiner states, "Horan did not explicitly disclose reallocation code and value. However, Koppelman [does]..." Office Action, P. 8. Applicants agree the Horan does not disclose a reallocation code but disagree with the interpretation that Koppelman does. Koppelman teaches a method of determining commission to be paid out to an individual (sales representative) or a team based on the performance and preset allocation rules. The allocation rules determine the proportion/percentage of the commission to be paid out to an individual. For example, if a team of 4 sales representatives is to be paid out a commission of 100 USD, then the allocation rules determine, what percentage of the 100 USD each individual is suppose to receive. See Koppelman, Col 8; example 1 & Fig. 4. "The Commission System uses the term 'Allocation' to indicate credit allocated to a single individual or group on a single Transaction. An allocation may be viewed as a Transaction that is tied to a Sales Representative at a certain weight." Koppelman, Col. 8, lines 32-36.

**Significantly, Koppelman does not disclose the use of reallocation categories relating to reallocation of the ownership of the asset where are transformed into reallocation reason codes, e.g., reallocation reason codes undergo tax treatment re-categorization for automated real-time computing of accurate adjusted cost basis.**

Horan generally teaches an open reconciliation system that extracts information from an accounting and a record system. The extracted information is compared with the information resident on a custodial system. If variance is found during comparison of information then reconciliation is suggested. The reconciliation can be done manually or automatically via the rules stored within the accounting and record system. Horan, Para 101. **Further, Horan merely mentions tracking of multiple cost bases, but fails to teach computing real time adjusted**

**cost basis** as recited in the independent claims. **The application discloses use of reallocation categories relating to reallocation of the ownership of the asset. The reallocation categories are transformed into reallocation reason codes. The reallocation reason codes undergo tax treatment re-categorization for automated real-time computing of accurate adjusted cost basis.** In contrast, Horan only mentions about tax lot accounting which in general includes computation of taxes on sale or purchase of assets. Horan, Para 99. **Tax lot accounting in general does not disclose accurate computation of cost basis for an asset by automatically taking into account taxing implications of reallocation of the ownership of the asset and the reasons for reallocation as disclosed by the application,** as recited, for example, in claim 1.

DeWolf teaches registering information relating to assets such as automobiles, computers, appliances, land, durable goods and the like throughout life cycle of an asset DeWolf, Abstract & Para 31. **DeWolf merely teaches inserting asset related basic information into attributes describing the asset. The change in ownership of the asset can be one of the attributes but DeWolf fails to teach about further categorizing specific reallocation data relating to reason for change in ownership of the asset. DeWolf fails to teach transformation of reallocation categories into reallocation reason code. Moreover, DeWolf fails to disclose tax treatment re-categorization of reallocation reason codes for automated real-time computing of accurate adjusted cost basis as disclosed within our application,** as recited, for example, in claim 1.

Bergmann teaches computation of the tax liability based on primarily the class to which an asset belongs. However, the instant application discloses classification of assets based on reallocation categories, reallocation reason code and dependent tax treatment categories. Moreover, Bergmann fails to teach about re-categorization of reallocation reason code into tax treatment categories. The reallocation reason code is procured by transforming reallocation categories to which assets are initially classified. **Bergmann teaches about asset categories having similar general taxing features such as fully taxable, tax deferred, tax exempt and ESOP [Para 34]. Bergmann focuses on only general taxing rates and types as mentioned above. Bergmann does not teach about specific tax requirements and rates on events relating to reallocation of an asset from one entity to other.** Because Bergmann only takes into account general taxing rates and types, he does not disclose re-categorization of reallocation reason code based on specific taxing requirements. Therefore, Bergmann fails to take account of

at least: changes if any in the ownership of the asset, reasons for the changes in the ownership of the asset, and reallocation reason code before computing the tax liability thereby computing the actual accurate cost basis of an asset as disclosed by the application (*for example, refer to claim 1*).

**Official Notice:** The Internal Revenue Service (IRS) documents available within the provided links give information to a user about implication of tax on asset reallocations. The documents merely serve as an informational guide that would enable a reader to get more clarity on taxing rates applicable on asset reallocations. The documents fail to disclose the novel automated system for real time computing of cost basis for at least one asset forming a part of a diversified asset portfolio, all of which is disclosed by the application. **Moreover, the documents fail to teach about reallocation categories into which assets are initially classified. The documents do not teach transforming reallocation categories into reallocation reason code. Further, the documents fail to teach re-categorization of reallocation reason code into tax treatment categories for real-time computation of cost basis for at least one asset present within a diversified asset portfolio.**

Therefore, none of the cited references, alone or in combination disclose or contemplate at least the following elements, as similarly recited by independent claims 1 and 22-23 (emphasis added):

extracting, by a computer and from a product system, reallocation data associated with a reallocation of an ownership of the asset, wherein the asset is a financial asset,

and wherein the product system is one of a plurality of product systems from which reallocation data is extracted in real time,

...

**categorizing at least one asset into at least one of the reallocation categories based on the extracted reallocation data,**

**transforming at least one reallocation category into at least one reallocation reason code,**

...

re-categorizing, by the computer, **the reallocation reason code into one of a plurality of tax treatment categories to establish a tax treatment re-categorization of the reallocation, wherein the reallocation was firstly**

categorized, by the product system, into one of a plurality of **reallocation** categories, and wherein the tax treatment **re**-categorization is based upon the reallocation reason code, the reallocation reasons, and the asset type and is associated with a tax treatment of the reallocation;

**computing** automatically, by the computer, **a real-time** adjusted cost basis of the asset **based upon the reallocation reason code, the reallocation reasons, the asset type, and the tax treatment re-categorization;**

...

reconciling **real-time**, by the computer and based upon the tax treatment **re**-categorization, the cost basis data and the adjusted cost basis of the asset to the plurality of product systems...

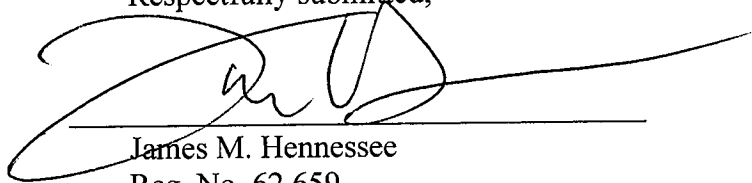
For at least these reasons, Applicants respectfully submit that none of the cited references, alone or in combination, disclose or contemplate all of the elements of independent claims 1 and 22-23, and Applicants therefore respectfully submit that independent claims 1 and 22 are allowable over the cited references.

Dependent claims 2, 3, 6 and 10 variously depend from independent claim 1, so dependent claims 2, 3, 6 and 10 are allowable over the cited references for the reasons set forth above, in addition to their own unique features, some of which are stated above.

In view of the above remarks, Applicants respectfully submit that all pending claims properly set forth that Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject application. The Commissioner is authorized to charge any fees due to Deposit Account No. 19-2814.

Dated: 6/25/2010

Respectfully submitted,

  
James M. Hennessee  
Reg. No. 62,659

**SNELL & WILMER L.L.P.**  
400 E. Van Buren  
One Arizona Center  
Phoenix, Arizona 85004  
Phone: 602-382-6516  
Fax: 602-382-6070  
Email: [mhenessee@swlaw.com](mailto:mhenessee@swlaw.com)